

**FCC Form 481 - Carrier Annual Reporting  
Data Collection Form**
**REDACTED - AVAILABLE FOR PUBLIC INSPECTION**
OMB Control No. 3060-0080/OMB Control No. 3060-0819  
July 2013

<010> Study Area Code	290575	
<015> Study Area Name	TENNESSEE TEL CO	<b>Received &amp; Inspected</b>
<020> Program Year	2016	
<030> Contact Name: Person USAC should contact with questions about this data	Bruce Schiefelbein	<b>AUG 26 2015</b>
<035> Contact Telephone Number: Number of the person identified in data line <030>	6086645455 ext.	
<039> Contact Email Address: Email of the person identified in data line <030>	bruce.schiefelbein@tdstatecom.com	<b>FCC Mail Room</b>

ANNUAL REPORTING FOR ALL CARRIERS		54.313 Completion Required	54.422 Completion Required
		(check box when complete)	
<100> Service Quality Improvement Reporting	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<200> Outage Reporting (voice)	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<210> <input type="checkbox"/> <-- check box if no outages to report		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<300> Unfulfilled Service Requests (voice)		<input type="checkbox"/>	<input checked="" type="checkbox"/>
<310> Detail on Attempts (voice)	(attach descriptive document)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<320> Unfulfilled Service Requests (broadband)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<330> Detail on Attempts (broadband)	(attach descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<400> Number of Complaints per 1,000 customers (voice)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<410> Fixed		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<420> Mobile		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<430> Number of Complaints per 1,000 customers (broadband)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<440> Fixed		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<450> Mobile		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<500> Service Quality Standards & Consumer Protection Rules Compliance	(check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<510>	(attach descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<600> Functionality in Emergency Situations	(check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<610>	(attach descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<700> Company Price Offerings (voice)	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<710> Company Price Offerings (broadband)	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<800> Operating Companies and Affiliates	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<900> Tribal Land Offerings (Y/N)?	(if yes, complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1000> Voice Services Rate Comparability Certification	Yes <input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1010>	(attach descriptive document)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<1100> Certify whether terrestrial backhaul options exist (Yes or No)	(if not, check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1110>	(complete attached worksheet)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<1200> Terms and Condition for Lifeline Customers	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Price Cap Carriers, Proceed to Price Cap Additional Documentation Worksheet</b>			
Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers			
<2000>	(check to indicate certification)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<2005>	(complete attached worksheet)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Rate of Return Carriers, Proceed to ROR Additional Documentation Worksheet</b>			
<3000>	(check to indicate certification)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<3005>	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

**(100) Service Quality Improvement Reporting  
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	290575
<015>	Study Area Name	TENNESSEE TEL CO
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Bruce Schiefelbein
<035>	Contact Telephone Number - Number of person identified in data line <030>	6096645455 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	bruce.schiefelbein@tdstatecom.com

<110> Has your company received its ETC certification from the FCC? (yes / no) ☐ ☒

If your answer to Line <110> is yes, do you have an existing §54.202(a) "5

<111> year plan" filed with the FCC? (yes / no) ☐ ☐

If your answer to Line <111> is yes, then you are required to file a progress report, on line <112> delineating the status of your company's existing § 54.202(a) "5 year plan" on file with the FCC, as it relates to your provision of voice telephony service.

<112> Attach Five-Year Service Quality Improvement Plan or, in subsequent years, your annual progress report filed pursuant to 47 C.F.R. § 54.313(a)(1). If your company is a CETC which only receives frozen support, your progress report is only required to address voice telephony service.

290575ctn112.pdf

Name of Attached Document

Please select the appropriate responses below (Yes, No, Not Applicable) to confirm that the attached document(s), on line 112, contains a progress report on its five-year service quality improvement plan pursuant to §54.202(a). The information shall be submitted at the wire center level or census block as appropriate.

<113> Maps detailing progress towards meeting plan targets  
 <114> Report how much universal service (USF) support was received  
 <115> How much (USF) was used to improve service quality and how support was used to improve service quality  
 <116> How much (USF) was used to improve service coverage and how support was used to improve service coverage  
 <117> How much (USF) was used to improve service capacity and how support was used to improve service capacity  
 <118> Provide an explanation of network improvement targets not met in the prior calendar year.

Yes
Yes
Yes
Yes
Yes
Not Applicable

Figure 3

### Data Collection Form

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July 2013

<010>	Study Area Code	290575
<015>	Study Area Name	TENNESSEE TEL CO
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<030>	Contact Name - Person USAC should contact regarding this data	Bruce Schiefelbein
<035>	Contact Telephone Number - Number of person identified in data line <030>	6086645455 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	bruce.schiefelbein@tdstelecom.com

<220>      <a>      <b1>      <b2>      <b3>      <b4>      <c1>      <c2>      <d>      <e>      <f>      <g>      <h>

[illegible]



OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<701> Residential Local Service Charge Effective Date  
<702> Single State-wide Residential Local Service Charge

1/1/2015

See attached worksheet

## Page 5

(710) Broadband Price Offerings Data Collection Form FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010>	Study Area Code	290575
<015>	Study Area Name	TENNESSEE TEL CO
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Bruce Schiefelbein
<035>	Contact Telephone Number - Number of person identified in data line <030>	6086645455 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	bruce.schiefelbein@tdstelecom.com

[illegible]

FCC Form 481  
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July 2013

<u>&lt;810&gt;</u>	<u>Reporting Carrier</u>	TENNESSEE TELEPHONE COMPANY
<u>&lt;811&gt;</u>	<u>Holding Company</u>	Telephone and Data Systems, Inc.
<u>&lt;812&gt;</u>	<u>Operating Company</u>	TENNESSEE TELEPHONE COMPANY

<a1>	<a2>	<a3>
Affiliates	SAC	Doing Business As Company or Brand Designation
-- See attached worksheet --		



(900) Tribal Lands Reporting  
Data Collection Form

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	290575
<015>	Study Area Name	TENNESSEE TEL CO
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Bruce Schiefelbein
<035>	Contact Telephone Number - Number of person identified in data line <030>	6085645455 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	bruce.schiefelbein@tdstelecom.com

<910> Tribal Land(s) on which ETC Serves

<920> Tribal Government Engagement Obligation

Name of Attached Document

If your company serves Tribal lands, please select (Yes, No, NA) for each these boxes to confirm the status described on the attached document(s), on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:

- <921> Needs assessment and deployment planning with a focus on Tribal community anchor institutions.
- <922> Feasibility and sustainability planning;
- <923> Marketing services in a culturally sensitive manner;
- <924> Compliance with Rights of way processes
- <925> Compliance with Land Use permitting requirements
- <926> Compliance with Facilities Siting rules
- <927> Compliance with Environmental Review processes
- <928> Compliance with Cultural Preservation review processes
- <929> Compliance with Tribal Business and Licensing requirements.

Select Yes or No or Not Applicable

(1100) No Terrestrial Backhaul Reporting  
Data Collection Form

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	290575
<015>	Study Area Name	TENNESSEE TEL CO
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Bruce Schiefelbein
<035>	Contact Telephone Number - Number of person identified in data line <030>	6086645455 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	bruce.schiefelbein@dstelecom.com

<1120> Please confirm whether terrestrial backhaul options exist within the supported area pursuant to § 54.313(g) (Yes, No).

<1130> Please select the appropriate response (Yes, No, Not Applicable) to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to § 54.313(g).



**(1200) Terms and Condition for Lifeline Customers**  
**Lifeline**  
**Data Collection Form**

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 OMB Control No. 3060-0986/OMB Control No. 3060-0819  
 July 2013

<010>	Study Area Code	290575
<015>	Study Area Name	TENNESSEE TEL CO
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Bruce Schiefelbein
<035>	Contact Telephone Number - Number of person identified in data line <030>	6096645455 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	bruce.schiefelbein@tdstelecom.com

<1210> Terms & Conditions of Voice Telephony Lifeline Plans

290575tn1210.pdf

Name of Attached Document

<1220> Link to Public Website

HTTP

"Please check these boxes below to confirm that the attached document(s), on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

- |        |   |                                     |
|--------|---|-------------------------------------|
| <1221> | Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers, | <input checked="" type="checkbox"/> |
| <1222> | Details on the number of minutes provided as part of the plan,  | <input checked="" type="checkbox"/> |
| <1223> | Additional charges for toll calls, and rates for each such plan.  | <input checked="" type="checkbox"/> |

**(2000) Price Cap Carrier Additional Documentation**

**Data Collection Form**

*Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers*

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<b>&lt;010&gt; Study Area Code</b>	290579
<b>&lt;015&gt; Study Area Name</b>	TENNESSEE TEL CO
<b>&lt;020&gt; Program Year</b>	2016
<b>&lt;030&gt; Contact Name - Person USAC should contact regarding this data</b>	BRUCE SCHIEREIDEN
<b>&lt;035&gt; Contact Telephone Number - Number of person identified in data line &lt;030&gt;</b>	608003433 ext.
<b>&lt;039&gt; Contact Email Address - Email Address of person identified in data line &lt;030&gt;</b>	BRUCE.SCHIEREIDEN@tdstatecom.com

Select the appropriate responses below (Yes, No, Not Applicable) to note compliance as a recipient of Incremental Connect America Phase I support, frozen High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e). The information reported on this form and in the documents attached below is accurate.

**Incremental Connect America Phase I reporting**

- <2010> 2nd Year Certification {47 CFR § 54.313(b)(1)}**
- <2011a> 3rd Year Certification {47 CFR § 54.313(b)(1)ii}**
- <2011b> Attachment {47 CFR § 54.313(b)(1)ii}**

Name of Attached Document(s) Listing Required Information

**Price Cap Carrier Receiving Frozen Support Certification {47 CFR § 54.312(a)}**

- <2012> 2013 Frozen Support Calculation {47 CFR § 54.313(c)(1)}**
- <2013> 2014 Frozen Support Calculation {47 CFR § 54.313(c)(2)}**
- <2014> 2015 Frozen Support Calculation {47 CFR § 54.313(c)(3)}**
- <2015> 2016 and future Frozen Support Calculation {47 CFR § 54.313(c)(4)}**

**Price Cap Carrier Connect America ICC Support {47 CFR § 54.313(d)}**

- <2016> Certification Support Used to Build Broadband**

**Connect America Phase II Reporting {47 CFR § 54.313(e)}**

- <2017> 3rd year Broadband Service Certification**
- <2018> 5th year Broadband Service Certification**
- <2019> Interim Progress Certification**
- <2020> Please check the box to confirm that the attached document(s), on line 2021, contains the required information pursuant to § 54.313 (e)(3)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.**

- <2021> Interim Progress Community Anchor Institutions**

Name of Attached Document(s) Listing Required Information

**(3000) Rate of Return Carrier Additional Documentation**

Data Collection Form

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010> Study Area Code	290575
<015> Study Area Name	TENNESSEE TEL CO
<020> Program Year	2016
<030> Contact Name - Person USAC should contact regarding this data	Bruce Schiefelbein
<035> Contact Telephone Number - Number of person identified in data line <030>	6086645455 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	bruce.schiefelbein@tdstelecom.com

CHECK the boxes below to note compliance on its five year service quality plan (pursuant to 47 CFR § 54.202(a)) and, for privately held carriers, ensuring compliance with the financial reporting requirements set forth in 47 CFR § 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

- (3010) Progress Report on 5 Year Plan  
Milestone Certification (47 CFR § 54.313(f)(1)(i))

290575tn3010.pdf

Name of Attached Document Listing Required Information

- (3011) Please check this box to confirm that the attached document(s), on line 3012 contains the required information pursuant to § 54.313 (f)(1)(ii), the carrier shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.



290575tn3012.xlsx

- (3012) Community Anchor Institutions (47 CFR § 54.313(f)(1)(ii))

Name of Attached Document Listing Required Information

- (3013) Is your company a Privately Held ROR Carrier (47 CFR § 54.313(f)(2))  
(3014) If yes, does your company file the RUS annual report

(Yes/No)

(Yes/No)



Please check these boxes to confirm that the attached document(s), on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires:

- (3015) Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)  
(3016) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows



- (3017) If the response is yes on line 3014, attach your company's RUS annual report and all required documentation

Name of Attached Document Listing Required Information

- (3018) If the response is no on line 3014, Is your company audited?

(Yes/No)



If the response is yes on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains

- (3019) Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications



- (3020) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows



- (3021) Management letter and audit opinion issued by the independent certified public accountant that performed the company's financial audit



If the response is no on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains:

- (3022) Copy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers,



- (3023) Underlying information subjected to a review by an independent certified public accountant



- (3024) Underlying information subjected to an officer certification.



- (3025) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows

- (3026) Attach the worksheet listing required information

Name of Attached Document Listing Required Information



(3000) Rate Of Return Carrier Additional Documentation (Continued)

Data Collection Form

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010> Study Area Code	220575
<015> Study Area Name	TENNESSEE TEL CO
<020> Program Year	2016
<030> Contact Name - Person USAC should contact regarding this data	Bruce Schiefelbein
<035> Contact Telephone Number - Number of person identified in data line <030>	6086645455 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	bruce.schiefelbein@ratecom.com

## Financial Data Summary

(3027) Revenue

(3028) Operating Expenses

(3029) Net Income

(3030) Telephone Plant In Service (TPIS)

(3031) Total Assets

(3032) Total Debt

(3033) Total Equity

(3034) Dividends


Certification - Reporting Carrier Data Collection Form	FCC Form 461 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010> Study Area Code	290575
<015> Study Area Name	TENNESSEE TEL CO
<020> Program Year	2016
<030> Contact Name - Person USAC should contact regarding this data	Bruce Schiefelbein
<035> Contact Telephone Number - Number of person identified in data line <030>	6086645455 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	bruce.schiefelbein@tdatelecom.com

TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

<b>Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients</b>	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier: TENNESSEE TEL CO	
Signature of Authorized Officer: CERTIFIED ONLINE	Date 06/11/2015
Printed name of Authorized Officer: Kevin Hess	
Title or position of Authorized Officer: Executive Vice President	
Telephone number of Authorized Officer: 6086644160 ext.	
Study Area Code of Reporting Carrier: 290575	Filing Due Date for this form: 07/01/2015
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

<b>Certification - Agent / Carrier Data Collection Form</b>	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010> Study Area Code	290575
<015> Study Area Name	TENNESSEE TEL CO
<020> Program Year	2016
<030> Contact Name - Person USAC should contact regarding this data	Bruce Schiefelbein
<035> Contact Telephone Number - Number of person identified in data line <030>	6086645453 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	bruce.schiefelbein@tdstelecom.com

TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I certify that (Name of Agent) _____ is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.	
Name of Authorized Agent: _____	
Name of Reporting Carrier: _____	
Signature of Authorized Officer: _____	Date: _____
Printed name of Authorized Officer: _____	
Title or position of Authorized Officer: _____	
Telephone number of Authorized Officer: _____	
Study Area Code of Reporting Carrier: _____	Filing Due Date for this form: _____
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

TO BE COMPLETED BY THE AUTHORIZED AGENT:

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.	
Name of Reporting Carrier: _____	
Name of Authorized Agent or Employee of Agent: _____	
Signature of Authorized Agent or Employee of Agent: _____	Date: _____
Printed name of Authorized Agent or Employee of Agent: _____	
Title or position of Authorized Agent or Employee of Agent: _____	
Telephone number of Authorized Agent or Employee of Agent: _____	
Study Area Code of Reporting Carrier: _____	Filing Due Date for this form: _____
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	



Attachments

Tennessee Telephone Company, dba TDS Telecom

State: TENNESSEE

Study Area: 290575

54.313(a)(1) Progress Report on Five Year Service Quality Improvement Plan pursuant to § 54.202(a)

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As an Incumbent Local Exchange Carrier (ILEC) and Eligible Telecommunications Carrier (ETC), Tennessee has been providing ubiquitous, high-quality voice telecommunications services in its study area for many years. To accomplish and maintain this service level, Tennessee has made significant historical investment to deploy, operate, and maintain an integrated, highly-reliable network. In addition to its own capital spending, Tennessee draws from the federal Universal Service Fund (USF). Universal service support has been (and continues to be) critical in enabling Tennessee's services in its rural markets to be reasonably comparable in quality and price to services in more urban markets, as Congress mandated in the Telecommunications Act. Tennessee draws USF support because the cost of providing voice and data services in its rural study area are substantially higher than those in urban areas, and thus all of the costs cannot be recovered solely from Tennessee's customers while maintaining reasonably comparable prices. Tennessee has made investments to bring high speed data services to its customers when the level of customer revenues and universal service support has made it financially viable to do so.

For Tennessee, federal high cost support is used to help offset ongoing network costs, but the monies received cover only a portion of the cost of updating and operating the network. In 2014, Tennessee received \$6,546,500 in USF support while incurring [REDACTED] in operating expenses and investing [REDACTED] in new plant. The attached Schedule A contains a list of specific network improvement projects that were completed in 2014 at the wire center level. Where these projects related to specific DSAs within the wire center, it is so indicated and can be cross-referenced to the exchange map attached as Exhibit 1. As evidenced by these support and expenditure numbers provided for the current reporting year, the universal service support that Tennessee receives covers only a fraction of its cost to provide service. Continued receipt of USF support is vital to helping Tennessee maintain reasonably comparable rates for local exchange service; and to incrementally upgrade its telecommunications facilities and equipment to help meet evolving service requirements and maintain high quality service.

Because USF funding support is modest compared to Tennessee's ongoing network operating expense, the spending of USF support money is primarily focused on repair, maintenance and incremental upgrades to maintain existing service levels rather than further expansion of broadband services deeper

Tennessee Telephone Company, dba TDS Telecom

State: TENNESSEE

Study Area: 290575

54.313(a)(1) Progress Report on Five Year Service Quality Improvement Plan pursuant to § 54.202(a)

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into the network. Given the current level of customer revenues, the level of universal support, and the technology available today, the additional costs associated with expanding broadband services to unserved portions of the study area, or increasing speeds to already served portions of the study area, far exceed Tennessee's financial ability to make such investments.

The telecommunications industry continues to change rapidly and significantly as a result of the unprecedented pace of technological advances, increasing customer needs and ongoing regulatory reforms. The level of uncertainty brought about by these factors make long-range network planning a difficult task. By necessity, significant capital investment in network upgrades is cyclical. Capital expenditures in one year are typically followed by a number of years of maintenance of the network to allow time for recovery and return on the investment before the next upgrade is undertaken.

Rapid and significant changes in technology are expected to continue to occur in the telecommunications industry over the next five years. Tennessee believes that its existing network architecture will enable it to incorporate many of these technological changes efficiently, but expects that such changes will also shorten product lifecycles and drive an increase in the rate of obsolescence experienced with existing network equipment. However, having the capability to evolve and being able to afford the cost to evolve, are both necessary to support the capital expenditure.

In an attempt to deliver products similar to those available in more urban areas, telecom companies, like Tennessee are under growing pressure to provide access to services and applications that are driving enormous growth in customer demand for bandwidth. Absent predictable and sufficient universal service support for broadband services, Tennessee will be unable to meet this growing demand.

In addition, Tennessee also faces significant regulatory uncertainty at this time. The FCC's Transformation Order and subsequent orders on reconsideration have put universal service revenue in a state of flux. Forecasting universal service revenues and developing long-range, detailed network plans that depend on those revenues has become all but impossible. While the FCC Transformation Order



Tennessee Telephone Company, dba TDS Telecom

State: TENNESSEE

Study Area: 290575

54.313(a)(1) Progress Report on Five Year Service Quality Improvement Plan pursuant to § 54.202(a)

adopted a number of comprehensive reforms to the universal service and intercarrier compensation mechanisms, it also left open the long term framework for universal service. Presently there are multiple plans in front of the FCC proposing new and different frameworks. While some plans provide for continued support under a rate of return (ROR) regime, others propose an optional plan to move in the direction of support based on a model which predicts the costs of a forward looking fiber to the home network. The details of these plans radically differ from one another, and the FCC has given little indication of which of these plans it will move towards. It is also possible that universal service reform for ROR companies will not be resolved in the near term, and that the current mechanisms will continue to struggle along. Given this backdrop, predicting next year's federal universal service amounts, let alone those for the next five years, is tenuous at best.

The most conservative approach would be to utilize status quo whereby we forecast based on past revenues. Yet even this approach is uncertain at best. For example, even under the "status quo" assumption, the FCC is considering (1) represeting the authorized interstate rate-of-return, possibly to a level lower than the current 11.25%; (2) eliminating high cost support in areas where there is an unsubsidized competitor offering service to less than 100% of customers; (3) limiting the recovery of Interstate Common Line Support (ICLS); and (4) lowering originating switched access rates similar to terminating rates. Having all these unknowns on the planning horizon (most, if not all of which could have a negative impact on Tennessee's level of support) make it near impossible to predict to what extent Tennessee can rely on universal service support at historic levels for continued aid in supporting its network. Any future rulemaking that results from these proposals could have significant impacts on the future network plans of Tennessee.

Given all of the uncertainty surrounding the industry, and the need for Tennessee to allocate scarce resources, invest prudently, and operate efficiently, long range predictive forecasting at any level of granularity is difficult and subject to revision as new information becomes known. Also, the speculative nature of planning in this type of environment hinders Tennessee's ability to effectively develop long-term network build out plans based on projected future USF support.

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The attached Schedule B summarizes Tennessee's USF received in 2014 and projected expenditures for 2015 – 2019. The projected 5-year period is based upon historical spending data, which, given the many unknown factors, may have limited value in predicting future network needs and may vary widely from actual spending incurred in the forecasted years, and thus should be treated with that in mind.

The content, timing, and specific geographic locations of projects that will be undertaken in the next five years, is unknown at this time. The selection of future projects will be based on the evaluation of many factors, including current consumer demand, limited capital resources and estimated amounts of universal service support. These and other external factors are not within Tennessee's control and are subject to change. Such changes may affect the assumptions and calculations regarding the optimal improvements to network facilities required to provide high-quality advanced services to Tennessee's customers.

With full recognition of the difficulty in predicting exact locations, specific projects or levels of expenditures, Tennessee commits to utilize available universal service support to help maintain and improve network quality, and if feasible, deploy advanced technologies and new services, expand coverage and improve broadband speeds for its customers.

**Tennessee Telephone Company**

### Schedule A

**State: TENNESSEE**

**Study Area: 290575**

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## 2014 Capital Expenditures

[illegible]



Tennessee Telephone Company

Schedule A

State: TENNESSEE

Study Area: 290575

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2014 Capital Expenditures

Exchange	DSA	DSA Population	Description	Expenditure
	25400	4,868		
	25400	4,868		
	25400	4,868		
	25400	4,868		
	25400	4,868		
	25400	4,868		
	25400	4,868		
	25400	4,868		
	25400	4,868		
	25400	4,868		
	25400	4,868		
	25400	4,868		
	Customer specific	4,868		
	Customer specific	4,868		
	25400	4,868		
	25402	2,938		
	25402	2,938		
	25403	3,241		
	25403	3,241		
	25403	3,241		
	25404	1,680		
	25404	1,680		
	25404	1,680		
	25406	1,301		
	25406	2,602		
	25406	1,301		
	25406	1,301		
	25406	1,301		
	25411	2,826		
	25411	2,826		
	25411	2,826		
	25411	2,826		
	25412	3,365		
	25412	3,365		
	Customer specific	3,365		
	25415	2,601		
	25415	2,601		
	254AK	#N/A		
	254BB	#N/A		
	254CC	#N/A		
	254CD	#N/A		
	254EB & 254EC	#N/A		
	254ZB	#N/A		
	254ZC	#N/A		
	254ZD	#N/A		
	254ZE	#N/A		
	254ZE	#N/A		
	254ZE	#N/A		
	FDHEC	#N/A		
	Various	#N/A		
	none	#N/A		
	Various	#N/A		
	Various	#N/A		
	Various	#N/A		
	none	#N/A		
	All Exchanges	#N/A		
	All Exchanges	#N/A		
	All Exchanges	#N/A		
LAVERGNE	Customer specific	#N/A		
	Customer specific	#N/A		

Tennessee Telephone Company

Schedule A

State: TENNESSEE

Study Area: 290575

54.313(a)(1) Progress Report on Five Year Service Quality Improvement Plan pursuant to § 54.202(a)

2014 Capital Expenditures

Exchange	DSA	DSA Population	Description	Expenditure
	24100	5,475		
	24100	5,475		
	24100	5,475		
	24100	5,475		
	24100	5,475		
	24100	5,475		
	24100	5,475		
	Customer specific	5,475		
	Customer specific	5,475		
	Customer specific	5,475		
	Customer specific	5,475		
	Customer specific	5,475		
	Customer specific	5,475		
	Customer specific	5,475		
	Customer specific	5,475		
	Customer specific	5,475		
	Customer specific	5,475		
	Customer specific	5,475		
	24100	5,475		
	24100	5,475		
	24104	4,534		
	24104	4,534		
	24104	4,534		
	24104	4,534		
	Customer specific	4,534		
	24105	3,149		
	Customer specific	#N/A		
	Customer specific	#N/A		
	24108	3,283		
	24111	240		
	24111	240		
	24112	463		
	24113	1,445		
	24118	#N/A		
	24138	1,578		
	24138	1,578		
	24138	1,578		
	24138	1,578		
	Customer specific	#N/A		
	241AB	#N/A		
	241AB	#N/A		
	241AB	#N/A		
	241AB	#N/A		
	241AM	#N/A		
	241AM	#N/A		
	241AP	#N/A		
	241AU	#N/A		
	241AY	#N/A		
	Customer specific	#N/A		
	241CH	#N/A		
	241DA	#N/A		
	241DI	#N/A		
	241DI	#N/A		
	241DI	#N/A		
	241DP	#N/A		
	241DQ	#N/A		
	241DW	#N/A		
	none	#N/A		
	Various	#N/A		

**Tennessee Telephone Company**

### Schedule A

**State:** TENNESSEE

**Study Area: 290575**

**54.313(a)(1) Progress Report on Five Year Service Quality Improvement Plan pursuant to § 54.202(a)**

### 2014 Capital Expenditures

[illegible]



Tennessee Telephone Company

Schedule A

State: TENNESSEE

Study Area: 290575

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2014 Capital Expenditures

Exchange	DSA	DSA Population	Description	Expenditure
	24200	3,006		
	24200	3,006		
	24200	3,006		
	24200	3,006		
	Customer specific	3,006		
	Customer specific	3,006		
	24200	3,006		
	24200	3,006		
	24200	3,006		
	24201	1,366		
	24202	3,001		
	24202	3,001		
	24202	3,001		
	24202	3,001		
	24202	3,001		
	24202	3,001		
	Customer specific	3,001		
	24205	1,498		
	24205	1,498		
	24206	3,124		
	24206	3,124		
	24206	3,124		
	24207	1,624		
	24207	1,624		
	24207	1,624		
	24207	1,624		
	24207	1,624		
	24208	2,422		
	24208	2,422		
	24211	1,012		
	24213	4,857		
	24213	4,857		
	24213	4,857		
	24214	1,108		
	24214	1,108		
	24214	1,108		
	24215	2,332		
	24216	#N/A		
	24217	3,606		
	24217	3,606		
	24217	3,606		
	24218	159		
	24221	#N/A		
	24222	1,643		
	24222	1,643		
	24222	1,643		
	24222	1,643		
	24222	1,643		
	Customer specific	1,643		
	Customer specific	1,811		
	24227	1,018		
	24228	2,569		
	Customer specific	2,569		
	24230	276		
	24230	276		
	24230	276		
	Customer specific	276		
	24236	#N/A		
	Customer specific	#N/A		
	242AD	#N/A		

Tennessee Telephone Company

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State: TENNESSEE

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2014 Capital Expenditures

Exchange	DSA	DSA Population	Description	Expenditure
	242AI	#N/A		
	Customer specific	#N/A		
	242AL	#N/A		
	242AO	#N/A		
	Customer specific	#N/A		
	242AP	#N/A		
	242AW	#N/A		
	242AW	#N/A		
	Customer specific	#N/A		
	242BG	#N/A		
	242BI	#N/A		
	242BK	#N/A		
	242CB	#N/A		
	242CB	#N/A		
	242DA	#N/A		
	242DB	#N/A		
	242DF	#N/A		
	Customer specific	#N/A		
	242FG	#N/A		
	242FG	#N/A		
	242FH	#N/A		
	Customer specific	#N/A		
	242FW	#N/A		
	242FX	#N/A		
	242FX	#N/A		
	242FZ	#N/A		
	242GA	#N/A		
	242GA	#N/A		
	242GC	#N/A		
	Customer specific	#N/A		
	242GG	#N/A		
	242GG	#N/A		
	242GI	#N/A		
	242GK	#N/A		
	242GL	#N/A		
	242GP	#N/A		
	242GR	#N/A		
	242GT	#N/A		
	242GW	#N/A		
	242HA	#N/A		
	242HA	#N/A		
	Customer specific	#N/A		
	242HB	#N/A		
	242IB	#N/A		
	242IB	#N/A		
	242ZB	#N/A		
	242ZB	#N/A		
	FDHGR	#N/A		
	Various	#N/A		
	none	#N/A		
	Various	#N/A		
	Various	#N/A		
	Various	#N/A		
	Various	#N/A		
	Various	#N/A		
	none	#N/A		
	none	#N/A		
PARSONS	24300	1,512		
	24300	1,512		
	24400	1,806		